

SENATE BILL No. 197

February 24, 2011, Introduced by Senator KAHN and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
 "The state school aid act of 1979,"
 by amending sections 11 and 17b (MCL 388.1611 and 388.1617b),
 section 11 as amended by 2010 PA 217 and section 17b as amended by
 2007 PA 137.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) Subject to subsection (5), for the fiscal year
 2 ending September 30, 2011, there is appropriated for the public
 3 schools of this state and certain other state purposes relating to
 4 education the sum of ~~\$10,937,260,500.00~~ \$_____ from the
 5 state school aid fund and the sum of ~~\$18,642,400.00~~ \$_____ from the
 6 general fund. For the fiscal year ending September 30,
 7 2011, there is also appropriated the remaining balance of the

1 federal funding awarded to this state under title XIV of the
2 American recovery and reinvestment act of 2009, Public Law 111-5,
3 estimated at \$184,256,600.00, to be used solely for the purpose of
4 funding the primary funding formula calculated under section 20, in
5 accordance with federal law. In addition, all other available
6 federal funds, except those otherwise appropriated under section
7 11p, are appropriated for the fiscal year ending September 30,
8 2011.

9 (2) The appropriations under this section shall be allocated
10 as provided in this act. Money appropriated under this section from
11 the general fund shall be expended to fund the purposes of this act
12 before the expenditure of money appropriated under this section
13 from the state school aid fund. If the maximum amount appropriated
14 under this section from the state school aid fund for a fiscal year
15 exceeds the amount necessary to fully fund allocations under this
16 act from the state school aid fund, that excess amount shall not be
17 expended in that state fiscal year and shall not lapse to the
18 general fund, but instead shall be deposited into the school aid
19 stabilization fund created in section 11a. ~~For 2009-2010 only, if~~
20 ~~the department determines before bookclosing for the 2009-2010~~
21 ~~state fiscal year that the maximum amount appropriated under this~~
22 ~~section from the state school aid fund for 2009-2010 exceeds the~~
23 ~~amount necessary to fully fund allocations under this act from the~~
24 ~~state school aid fund for 2009-2010 and that state support for~~
25 ~~elementary and secondary education for 2009-2010 will fall below~~
26 ~~the level of support needed to comply with the maintenance of~~
27 ~~effort provisions under title XIV of the American recovery and~~

1 ~~reinvestment act of 2009, Public Law 111-5, then there is~~
2 ~~appropriated for 2009-2010 from the school aid stabilization fund~~
3 ~~an amount equal to \$30,000,000.00 or the amount that the department~~
4 ~~determines is necessary for the state support for elementary and~~
5 ~~secondary education to meet the level of support needed to comply~~
6 ~~with the maintenance of effort provisions under title XIV of the~~
7 ~~American recovery and reinvestment act of 2009, Public Law 111-5,~~
8 ~~whichever is greater. The department shall use any funds~~
9 ~~appropriated under this subsection as follows:~~

10 ~~—— (a) First, to allocate \$10,000,000.00 to provide funding to~~
11 ~~each intermediate district in an amount equal to the product of~~
12 ~~14.75% multiplied by the amount of funding allocated to that~~
13 ~~intermediate district under section 81 for 2009-2010 under 2010 PA~~
14 ~~110.~~

15 ~~—— (b) Second, to allocate the amount necessary, estimated at~~
16 ~~\$10,000,000.00, to provide funding under this subdivision to~~
17 ~~districts for which the amount of per pupil funding calculated and~~
18 ~~allocated under section 11p(2) is less than \$154.00. The payment to~~
19 ~~a district under this subdivision is an amount equal to the~~
20 ~~difference between \$154.00 and the per pupil funding amount~~
21 ~~calculated and allocated under section 11p(2) for the district,~~
22 ~~multiplied by the district's 2010-2011 membership used for the~~
23 ~~October 2010 payment.~~

24 ~~—— (c) Third, to allocate any remaining funds to reduce the~~
25 ~~amount of the per pupil reduction under section 11d(1) for 2009-~~
26 ~~2010.~~

27 (3) If the maximum amount appropriated under this section from

1 the state school aid fund and the school aid stabilization fund for
2 a fiscal year exceeds the amount available for expenditure from the
3 state school aid fund for that fiscal year, payments under sections
4 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,
5 56, and 152a shall be made in full. In addition, for districts
6 beginning operations after 1994-95 that qualify for payments under
7 section 22b, payments under section 22b shall be made so that the
8 qualifying districts receive the lesser of an amount equal to the
9 1994-95 foundation allowance of the district in which the district
10 beginning operations after 1994-95 is located or \$5,500.00. The
11 amount of the payment to be made under section 22b for these
12 qualifying districts shall be as calculated under section 22a, with
13 the balance of the payment under section 22b being subject to the
14 proration otherwise provided under this subsection and subsection
15 (4). If proration is necessary, state payments under each of the
16 other sections of this act from all state funding sources shall be
17 prorated in the manner prescribed in subsection (4) as necessary to
18 reflect the amount available for expenditure from the state school
19 aid fund for the affected fiscal year. However, if the department
20 of treasury determines that proration will be required under this
21 subsection, or if the department of treasury determines that
22 further proration is required under this subsection after an
23 initial proration has already been made for a fiscal year, the
24 department of treasury shall notify the state budget director, and
25 the state budget director shall notify the legislature at least 30
26 calendar days or 6 legislative session days, whichever is more,
27 before the department reduces any payments under this act because

1 of the proration. During the 30 calendar day or 6 legislative
2 session day period after that notification by the state budget
3 director, the department shall not reduce any payments under this
4 act because of proration under this subsection. The legislature may
5 prevent proration from occurring by, within the 30 calendar day or
6 6 legislative session day period after that notification by the
7 state budget director, enacting legislation appropriating
8 additional funds from the general fund, countercyclical budget and
9 economic stabilization fund, state school aid fund balance, or
10 another source to fund the amount of the projected shortfall.

11 (4) If proration is necessary under subsection (3), the
12 department shall calculate the proration in district and
13 intermediate district payments that is required under subsection
14 (3) as follows:

15 (a) The department shall calculate the percentage of total
16 state school aid allocated under this act for the affected fiscal
17 year for each of the following:

18 (i) Districts.

19 (ii) Intermediate districts.

20 (iii) Entities other than districts or intermediate districts.

21 (b) The department shall recover a percentage of the proration
22 amount required under subsection (3) that is equal to the
23 percentage calculated under subdivision (a) (i) for districts by
24 reducing payments to districts. This reduction shall be made by
25 calculating an equal dollar amount per pupil as necessary to
26 recover this percentage of the proration amount and reducing each
27 district's total state school aid from state sources, other than

1 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
2 51a(2), 51a(12), 51c, 53a, and 152a, by that amount.

3 (c) The department shall recover a percentage of the proration
4 amount required under subsection (3) that is equal to the
5 percentage calculated under subdivision (a) (ii) for intermediate
6 districts by reducing payments to intermediate districts. This
7 reduction shall be made by reducing the payments to each
8 intermediate district, other than payments under sections 11f, 11g,
9 26a, 26b, 51a(2), 51a(12), 53a, 56, and 152a, on an equal
10 percentage basis.

11 (d) The department shall recover a percentage of the proration
12 amount required under subsection (3) that is equal to the
13 percentage calculated under subdivision (a) (iii) for entities other
14 than districts and intermediate districts by reducing payments to
15 these entities. This reduction shall be made by reducing the
16 payments to each of these entities, other than payments under
17 sections 11j, 26a, and 26b, on an equal percentage basis.

18 (5) Any general fund allocations under this act that are not
19 expended by the end of the state fiscal year are transferred to the
20 school aid stabilization fund created under section 11a.

21 Sec. 17b. (1) Not later than October 20, November 20, December
22 20, January 20, February 20, March 20, April 20, May 20, June 20,
23 July 20, and August 20, the department shall prepare electronic
24 files of the amount to be distributed under this act in the
25 installment **PAYMENT** to the districts and intermediate districts and
26 deliver the electronic files to the state treasurer, and the state
27 treasurer shall pay the installments on each of those dates or, if

1 the date is not a business day, on the next business day following
2 that date. Except as otherwise provided in this act, the portion of
3 the district's or intermediate district's state fiscal year
4 entitlement to be included in each installment **PAYMENT** shall be
5 1/11. A district or intermediate district shall accrue the payments
6 received in July and August to the school fiscal year ending the
7 immediately preceding June 30.

8 (2) The state treasurer shall make payment under this section
9 by drawing a warrant in favor of the treasurer of each district or
10 intermediate district for the amount payable to the district or
11 intermediate district according to the electronic files and
12 delivering the warrant to the treasurer of each district or
13 intermediate district, or if the state treasurer receives a written
14 request by the treasurer of the district or intermediate district
15 specifying an account, by electronic funds transfer to that account
16 of the amount payable to the district or intermediate district
17 according to the electronic files. The department may make
18 adjustments in payments made under this section through additional
19 payments when changes in law or errors in computation cause the
20 regularly scheduled payment to be less than the amount to which the
21 district or intermediate district is entitled pursuant to this act.

22 (3) Except as otherwise provided in this act, grant payments
23 to districts and intermediate districts under this act shall be
24 paid according to the installment schedule ~~under~~ **PROVIDED IN**
25 subsection (1).

26 (4) Upon the written request of a district or intermediate
27 district and the submission of proof satisfactory to the department

1 of a need of a temporary and nonrecurring nature, the
2 superintendent, with the written concurrence of the state treasurer
3 and the state budget director, may authorize an advance release of
4 funds due a district or intermediate district under this act. An
5 advance authorized under this subsection shall not cause funds to
6 be paid to a district or intermediate district more than 30 days
7 earlier than the established payment date for those funds.